

FISCAL UPDATE

February 1, 2007

Legislative Services Agency

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<http://staffweb.legis.state.ia.us/lfb>

FINAL ACTION ON MINIMUM WAGE INCREASE BILL – HF 1

HF 1



The General Assembly passed HF 1 (Minimum Wage Increase Bill). The Bill raises the State's hourly minimum wage from the current federally mandated \$5.15 per hour to \$6.20 per hour, beginning April 1, 2007, and to \$7.25 per hour, beginning January 1, 2008.

The Bill also raises the lower minimum wage of \$4.25 per hour, currently allowed for employees who have worked less than 90 days for an employer, to \$5.30 per hour, beginning April 1, 2007, and to \$6.35 per hour, beginning January 1, 2008.

Fiscal Impact



The table below displays the estimated potential fiscal impact that HF 1 will have on State salaries from all funding sources compared to current law.

	FY 2007	FY 2008	FY 2009
Board of Regents Universities	\$ 350,000	\$ 1,400,000	\$ 2,800,000
Iowa Community Colleges	22,000	410,000	658,000
Veterans Home	18,000	88,000	141,000
Total	\$ 390,000	\$ 1,898,000	\$ 3,599,000

The table below displays the estimated potential General Fund fiscal impact that HF 1 will have compared to the current law. The increase in costs could be covered by increased expenditures or reduced work hours.

Board of Regents Universities	\$ 35,000	\$ 140,000	\$ 280,000
Iowa Community Colleges	220	4,100	6,580
Veterans Home	18,000	88,000	141,000
Total	\$ 53,220	\$ 232,100	\$ 427,580

More Information

The Fiscal Note for HF 1 is available on the LSA web site at:
http://www3.legis.state.ia.us/fiscalnotes/data/82_1189HHv2_FN.pdf.

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ADMINISTRATION AND REGULATION APPROPRIATIONS SUBCOMMITTEE MEETINGS

Subcommittee Meetings

The Administration and Regulation Appropriations Subcommittee met the week of January 22.

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Department of Revenue

On January 23, Director Mark Schuling, Department of Revenue, presented an overview of Department activities and budget offers for FY 2008. Stu Vos gave an update on the Collections Enterprise, which has collected \$72.7 million through the first half of FY 2007, an increase of \$15.4 million dollars over the same period in FY 2006. Michael Lipsman presented an update on the Tax Credit Tracking and Analysis System.

Secretary of State

On January 24, Michael Mauro, Secretary of State, presented an overview of activities of the Secretary of State's Office, budget offers for FY 2008, and an update on the Help America Vote Act (HAVA). Of the \$32.0 million appropriated to the State by the federal government to implement HAVA, \$26.8 million has been spent. The remaining \$5.2 million has been allocated to fulfill contract obligations and salaries through FY 2008.

Treasurer's Office

On January 25, Michael Fitzgerald, Treasurer of State, presented an overview of the activities of the Treasurer's Office and budget offers for FY 2008.

Drug Control Policy



On January 25, Director Gary Kendell, Office of Drug Control Policy, presented an overview of the activities of the Office and budget offers for FY 2008. Director Kendell indicated that due to the continuing resolution passed by Congress, the Office could lose over \$1.0 million in federal funds for FY 2008. There is a possibility some of the funds may be restored.

Tentative Schedule

The tentative schedule for the week of January 29 includes:

- Wednesday, January 31 – Presentations by the Ethics and Campaign Disclosure Board and the Auditor's Office.
- Thursday, February 1 – Presentation by the Iowa Public Employees Retirement System (IPERS).

More Information

Copies of agendas, minutes, and selected handouts distributed to the Subcommittee are available on the General Assembly web site at: <http://www3.legis.state.ia.us/ga/committee.do?id=32>.

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**AGRICULTURE AND NATURAL RESOURCES
APPROPRIATIONS SUBCOMMITTEE MEETINGS**

Subcommittee Meetings

The Agriculture and Natural Resources Appropriations Subcommittee met the week of January 22.

January 23



John Walkowiak and Paul Tauke, Department of Natural Resources (DNR), discussed the Emerald Ash Borer, a beetle that attacks and destroys ash trees. Although the insect has not been detected in Iowa, it has been located in Illinois, Indiana, Maryland, Michigan, and Ohio. Other information presented included:

- Iowa has approximately 50 million ash trees in woodland areas and 10 to 20 million ash trees in urban areas. The cost to remove and destroy one tree is \$650. If the Emerald Ash Borer were to attack ash trees in Iowa, the overall cost is estimated between \$6.5 and \$7.0 billion.

- The DNR and the Department of Agriculture and Land Stewardship are requesting the following to prevent destruction caused by this insect:
 - \$75,000 to expand public outreach efforts.
 - \$50,000 to expand visual detection in high-risk areas.
 - \$500,000 to implement a City Forestry Cost-Share Program to assist local governments with the removal of stressed trees and to identify high-risk areas.
 - \$250,000 to handle any emergency infestation.

January 24

Bill Northey, Secretary of Agriculture, introduced a video created by members of the State Soil Conservation Committee and the Soil and Water Conservation District Commissioners on soil conservation accomplishments, which included:

- The establishment of the Iowa Soil Conservation Cost Share Program in 1973, where funds are matched 50:50 by Iowa landowners to construct projects that protect Iowa's soil and waterways.
- The establishment of the Groundwater Protection Fund in 1987 to prevent groundwater contamination from point and nonpoint sources.

January 25

Bob Libra and Chuck Corell, DNR, presented information on the quantity of water in Iowa that included:

- The need to reestablish groundwater level monitoring. This type of monitoring was discontinued in 2004 due to funding reductions.
- The need to obtain current information on water usage in Iowa. Currently, anyone withdrawing 25,000 gallons a day from a State stream or aquifer is required to obtain a permit from the DNR; however, the total amount of water withdrawn each year is unknown.
- Develop a statewide comprehensive water usage plan. The last statewide Plan was issued in 1985.

More Information

Copies of agendas, minutes, and selected handouts distributed to Subcommittee members are available on the General Assembly web site at: <http://www3.legis.state.ia.us/ga/committee.do?id=33>.

STAFF CONTACT: Debra Kozel (Ext. 16767)

ECONOMIC DEVELOPMENT APPROPRIATIONS SUBCOMMITTEE MEETINGS

Subcommittee Meetings

The Economic Development Appropriations Subcommittee met the week of January 22.

January 23

An overview of the operations and functions of the Department of Economic Development was provided by Mike Tramontina, Interim Director, and various Department staff.

January 24



An overview of the operations and functions of the Department of Cultural Affairs was provided by Cyndi Pederson, Interim Director, and Gordon Hendrickson, State Historical Society of Iowa.

Subcommittee members asked the Department to add economic development to the goals of the Department and to cooperate with the Tourism Division, Department of Economic Development.

The Legislative Services Agency (LSA) was directed to complete a spreadsheet showing all revenue tied to the agencies within the Subcommittee.

More Information

Copies of agendas, minutes, and selected handouts distributed to Subcommittee members are available on the General Assembly web site at: <http://www3.legis.state.ia.us/ga/committee.do?id=34>.

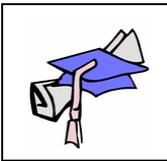
STAFF CONTACT: Ron Robinson (Ext. 16256)

EDUCATION APPROPRIATIONS SUBCOMMITTEE MEETINGS

Subcommittee Meetings

The Education Appropriations Subcommittee met the week of January 22.

Board of Regents

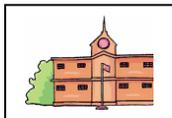


On January 23, the Subcommittee heard a review of the Board of Regents' FY 2008 budget request. Speakers included Gary Steinke, Executive Director; Gary Fethke, Interim President, University of Iowa; Gregory Geoffroy, President, Iowa State University (ISU); and Benjamin Allen, President, University of Northern Iowa. President Geoffroy also provided information about faculty resignations at ISU. The Board is requesting an increase of \$83.4 million for FY 2008 as follows:

- \$11.3 million for tuition replacement. This is not an increase in funding, but a change in funding source. Funding was provided from the Rebuild Iowa Infrastructure Fund (RIIF) in FY 2007.
- \$30.1 million for general university inflation.
- \$19.9 million to replace one-time funding, including \$10.9 to annualize the student surcharge, \$2.8 million from the General Fund ending balance, and \$6.2 million for building repair funds from the RIIF.
- \$14.0 million to increase faculty salaries and add 19.0 FTE positions.
- \$5.5 million for special purpose budget unit inflation.
- \$2.5 million for Iowa Public Radio.

Special Schools

On January 24, the Subcommittee heard a review of the FY 2008 budget request for the Board of Regents special schools. Speakers included: Gary Steinke, Executive Director; Jeanne Glidden Prickett, Superintendent, Iowa School for the Deaf (ISD) at Council Bluffs; and Jeananne Schild, Interim Superintendent, Iowa Braille and Sight Saving School (IBSSS) at Vinton. Both schools are requesting a 4.0% increase, similar to the increase provided to regular K-12 school districts through allowable growth. If approved, this would be an increase of \$367,000 for ISD and \$205,000 for IBSSS.

College Aid

On January 25, the Subcommittee heard a review of the FY 2008 budget request for the College Student Aid Commission. Speakers included Janet Adams, Chairperson of the Commission; Karen Misjak, Executive Director; and Keith Greiner, Research Director. The Commission is requesting an increase of \$2.6 million for FY 2008 for the various scholarship, grant, and loan programs administered by the Commission.

Tentative Schedule

The tentative schedule for the week of January 29 includes:

- Wednesday, January 31 – Budget presentation by the Department of Education.
- Thursday, February 1 – Budget presentations by the State Library, the Library Service Areas, and Iowa Vocational Rehabilitation Services.

More Information

Copies of agendas, minutes, and selected handouts distributed to Subcommittee members are available on the General Assembly web site at: <http://www3.legis.state.ia.us/ga/committee.do?id=35>.

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HEALTH AND HUMAN SERVICES APPROPRIATIONS SUBCOMMITTEE MEETINGS

Subcommittee Meetings

The Health and Human Services Appropriations Subcommittee met the week of January 22.

January 23

The Subcommittee received testimony on Division I of the proposed Comprehensive Affordable Health Care for Families and Small Businesses Bill, which involves the establishment of an Interim Commission on Affordable Health Care. Comments were provided by Commissioner Susan Voss, Department of Commerce, Insurance Division, and Director Kevin Concannon, Department of Human Services (DHS).

The Subcommittee also received testimony on Division II of the Bill, which involves various provisions related to Medicaid, the IowaCare Program, and the Healthy and Well Kids in Iowa (*hawk-i*) Program. Information was provided by Gene Gessow and Jennifer Vermeer, Iowa Medicaid Enterprise (IME), Ann Wiebers and Anita Smith, DHS, and Susan Salter, President, *hawk-i* Board.

January 24

The Subcommittee received testimony related to Divisions III, IV, and V of the Bill, which involve the Dental Home for Children Program, prescription drug retail price disclosure, the personal needs allowance, property tax reclassification, and reduction of Medicaid home and community-based waiver waiting lists.

Comments were provided by Bob Russell, Department of Public Health (DPH); Jennifer Vermeer, IME; Julie McMahon, DPH; Terry Witkowski, DPH; Iowa Board of Pharmacy; Ann Wiebers, DHS; and Interim Director Mark Haverland, Department of Elder Affairs.

January 25

The Subcommittee received testimony related to the remaining six divisions of the Bill, which involve mental health parity, uncompensated care reporting, the Iowa Collaborative Safety Net Provider Network, the Children's Healthy

Development Initiative, uncompensated care tax deduction and care registration, and a tobacco tax increase.

Comments were provided by:

- Commissioner Susan Voss, Department of Commerce, Insurance Division,
- Ann Wiebers, DHS
- Julie McMahon, DPH
- Shanell Wagler, Department of Management
- Julie Curry, Department of Education
- Gene Gessow, IME
- David Casey and Jim McNulty, Department of Revenue
- Chris Squire, Vice Chairperson, Iowa Tobacco Use and Prevention Commission
- David Carlyle, Chairperson, Iowa Tobacco Use and Prevention Commission

Public Hearing

There is a public hearing to provide comments on the Bill scheduled for January 29, at 7:00 p.m., Room 116, State Capitol.

Tentative Schedule



The tentative schedule for the week of January 29 includes:

- Wednesday, January 31 – Testimony from various health advocates related to the tobacco tax increase and Children’s Healthy Development Initiative divisions of the proposed Comprehensive Affordable Health Care for Families and Small Businesses Bill.
- Thursday, February 1 – Testimony from various health advocates related to the uncompensated care deductions, safety net providers, assisted living property taxes, and mental health parity divisions of the Bill.

More Information

Copies of agendas, minutes, and selected handouts distributed to the Subcommittee are available on the General Assembly web site at: <http://www3.legis.state.ia.us/ga/committee.do?id=37>.

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JUSTICE SYSTEM APPROPRIATIONS SUBCOMMITTEE

Subcommittee Meetings

The Justice System Appropriations Subcommittee met the week of January 22.

January 23



The Subcommittee received testimony from State Court Administrator David Boyd. He explained the Judicial Retirement System, collection of outstanding court debt, and caseloads.

The Subcommittee also received testimony from Attorney General Tom Miller regarding the FY 2008 budget request. Information was provided by Marti Anderson, Crime Victim Assistance Division, Department of Justice, and Dennis Gronenboom, Iowa Legal Aid.

January 24

The Subcommittee traveled to Fort Des Moines and received testimony related to electronic monitoring and supervision of sex offenders. Information was provided by Sally Kreamer, Ken Smid, and Jon Neuschwanger, Fifth Judicial District Department of Correctional Services, and John Baldwin, Department of Corrections.

January 25

The Subcommittee received an overview of the Indigent Defense Program from Thomas Becker, State Public Defender. The Subcommittee also received testimony from Director Ralph Rosenberg, Civil Rights Commission.

Tentative Schedule

The tentative schedule for the week of January 29 includes:

- Wednesday, January 31 – View Parole Board actions using the Iowa Communications Network and receive a summary of the Governor's budget recommendations from the LSA.
- Thursday, February 1 – Testimony related to the budgets of the Parole Board and the Iowa Law Enforcement Academy.

More Information

Copies of agendas, minutes, and selected handouts distributed to the Subcommittee are available on the General Assembly web site at: <http://www3.legis.state.ia.us/ga/committee.do?id=38>.

STAFF CONTACT: Beth Lenstra (16301) and Jennifer Acton (17846)

TRANSPORTATION, INFRASTRUCTURE, AND CAPITALS APPROPRIATIONS SUBCOMMITTEE MEETINGS

Subcommittee Meeting

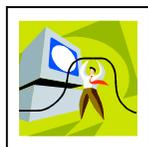
The Transportation, Infrastructure, and Capitals Appropriations Subcommittee met the week of January 22.

Dept. of Transportation

Ron Juelfs, Director of Finance, Department of Transportation (DOT), presented the DOT's FY 2008 budget request. The DOT is requesting a total of \$316.5 million from the Road Use Tax Fund and the Primary Road Fund. This is an increase of \$1.6 million compared to FY 2007. The Department is also requesting \$10.1 million for Programs that receive funding from infrastructure-related sources.

Director Peggy Baer, Office of Rail Transportation, presented the Access Rail Program request. The DOT is requesting \$2.0 million from the Rebuild Iowa Infrastructure Program to increase the number of rail projects that can be funded through the Program.

Director Nancy Richardson, DOT, discussed the findings of the Road Use Tax Fund study that were required in HF 868 (FY 2006 Iowa Values Fund Act). Director Richardson also provided an update on the construction of the Motor Vehicle Division Building.

Dept. of Admin. Services

John Gillispie, COO, Information Technology Enterprise, presented information on the Iowa Technology Governance Board, including the Board's mission and responsibilities.

Dean Ibsen, Manager, Vertical Infrastructure Program, provided an update on selected infrastructure projects currently in progress that will require additional funding to complete.

More Information

Copies of agendas, minutes, and selected handouts distributed to the Subcommittee are available on the General Assembly web site at: <http://www3.legis.state.ia.us/ga/committee.do?id=40>.

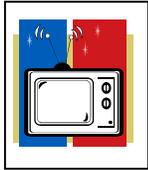
STAFF CONTACTS: David Reynolds (Ext. 16934) Mary Beth Mellick (Ext. 18223)

GOVERNMENT OVERSIGHT COMMITTEE MEETINGS

Oversight Meeting

The Government Oversight Committee met during the week of January 22.

Cable vs. Broadcasting



On January 23, Rocco Commisso, Chairman and CEO, and Ed Pardini, Senior Vice-President, Mediacom Communications Corporation, gave an overview of Mediacom products and services and the investments and benefits Mediacom has given to Iowa.

David Smith, President and CEO, and Barry Faber, General Counsel, Sinclair Broadcast Group, discussed the 1992 Cable Television Act and the resulting law that requires that broadcasters be paid by cable companies. Despite 15 months of negotiation, a retransmission consent agreement has not been reached with Mediacom.

Citizens Concerns



Linda Carter Lewis, President, National Association for the Advancement of Colored People (NAACP), Des Moines Branch, expressed concerns regarding the unresolved dispute between Mediacom and Sinclair. The NAACP cites discrimination and unfair access to services as main concerns. The dispute is adversely affecting low-income families in Iowa, and the NAACP supports settlement of the dispute through binding arbitration.

Janet Keefer, Associate Professor of Journalism, Drake University, stated that the Committee was well advised to hold the hearing to clarify what is being done to resolve the issue.

Work Services

On January 25, the Committee heard from Doug Williams, Vice President, Business Services, Des Moines Area Community College (DMACC), and Michael Wilkinson, Executive Director, Iowa Employment Services (IES), DMACC. The IES replaced the Central Iowa Employment and Training Consortium (CIETC). Mr. Wilkinson provided an overview of IES and described goals.

Legal Status



Grant Dugdale, Assistant Attorney General, provided an update of the civil litigation by federal and State authorities against the CIETC Board and the entities that were part of the consortium via a 28E agreement. Mr. Dugdale described the process required to be followed. The Committee asked for a quarterly update from Mr. Dugdale as actions are taken in the pending lawsuits, recovery amounts become known, and responsibility for repayments is determined.

More Information

Copies of agendas, minutes, and selected handouts distributed to Subcommittee members are available on the General Assembly web site at: <http://www3.legis.state.ia.us/ga/committee.do?id=41>.

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2006 FACTBOOK ISSUED BY THE FISCAL SERVICES DIVISION OF THE LEGISLATIVE SERVICES AGENCY

Factbook

The LSA recently issued the 2006 *Factbook*. The publication contains a range of facts, both financial and non-financial, regarding Iowa.

Content



The 2006 *Factbook* contains information regarding government finance and taxes; the economy; industry; labor force; tourism and recreation; elementary, secondary, and higher education; human services; crime and law enforcement; transportation; State government; and population data and vital statistics. The publication includes tables, maps, and graphs of interest.

Sample of Data

National comparative data are incorporated throughout the publication. For example, Iowa incarcerates 289 offenders per 100,000 population, or 39th nationally. Iowa's 2005 murder rate was 1.3 murders per 100,000 population. The murder rate for the Midwest region was 4.9, and nationally the rate was 5.6. Iowa's 2005 murder rate ranked 49th nationally.

More Information

Legislators were issued a copy of the 2006 *Factbook* on January 25. The publication is also available on the General Assembly web site at: <http://staffweb.legis.state.ia.us/lfb/factbook/factbook.htm>.

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NEW IOWANS POLICY TASK FORCE FINAL REPORT

Final Report

The LSA received a copy of the New Iowans Policy Task Force final report. The Task Force was appointed by former Governor Vilsack in Executive Order 50 and was a recommendation to the General Assembly's New Iowans Study Committee from the 2005 Legislative Interim.

Recommendations



The Task Force made the following recommendations:

- Communication by the Governor and the General Assembly, by resolution and other appropriate means, to national gubernatorial and legislative associations to take on comprehensive immigration reform and reconsider the Real ID Act.
- The General Assembly should consider providing the ability to drive legally to all undocumented Iowa residents otherwise eligible to do so but who do not have access to currently accepted forms of identification.
- Examine ways to obtain data about undocumented persons as it relates to public safety issues and a comprehensive identification system.
- Provide outreach programs to all Iowans, including undocumented persons regarding public safety issues that are related to identification.

More Information

Additional information is available from the LSA upon request.

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